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Message Text

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PAGE 01 BANGKO 11856 290543Z

67
ACTION EA-09

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USDOC FOR MEPD

E.O. 11652: N/A
TAGS: BGEN TH JA
SUBJECT: MAJOR PROJECT: JAPANESE FIRMS SUBMIT LOWEST BIDS
ON TOT'S LONG-DISTANCE TELEPHONE PROJECT

REF: 75 BANGKOK 21539 (NOTAL)

1. TELEPHONE ORGANIZATION OF THAILAND (TOT) OPENED BIDS LAST WEEK FOR ITS OECF-FINANCED LONG DISTANCE TELEPHONE EXPANSION PROJECT. THERE WERE ONLY THREE BIDDERS. ACCORDING TO LOCAL ITT REP, LOWEST BIDDER WAS NIPPON ELECTRIC (NEC) WITH BID OF APPROXIMATELY YEN 4.3 BILLION OR BAHT 106 MILLION (TURN KEY PLUS SUPPLY PORTION). NEXT HIGHER BIDDER WAS JOINT VENTURE OF FUJITSU/TOSHIBA WITH BID OF YEN 4.8 BILLION OR BAHT 108 MILLION, (12.3 PERCENT AND 4.9 PERCENT HIGHER, RESPECTIVELY, THAN NEC BID). HIGHEST BIDDER WAS ITT GROUP HEADED BY ITT'S GERMAN SUBSIDIARY, STANDARD ELECTRIC LORENZ (SEL), AND INCLUDING ITT'S BELGIAN SUBSIDIARY, BELL TELEPHONE MFG. (BTM), WITH BID OF YEN 6.4 BILLION OR BAHT 152 MILLION, (47.9 PERCENT AND 46.9 PERCENT HIGHER THAN NEC).

2. AWARD TO WINNER WILL NOT BE FINALLY MADE UNTIL AFTER TOT HAS EXAMINED EACH MULTI-VOLUME TECHNICAL PROPOSAL, WHICH ITT ESTIMATES WILL TAKE ABOUT ONE MONTH. ITT NEVERTHELESS
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PAGE 02 BANGKO 11856 290543Z

FEELS THAT, UNLESS NEC OR FUJITSU/TOSHIBA HAVE INADVERTENTLY

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006

LEFT OUT SOME MAJOR ITEM REQUIRED BY SPECIFICATIONS, WHICH WOULD BE EXTREMELY UNLIKELY, AWARD WILL ALMOST SURELY GO TO JAPANESE BIDDER. ITT REP WAS DISAPPOINTED AND SUSPICIOUS ABOUT THE UNEXPECTEDLY WIDE GAP BETWEEN SEL AND NEC BIDS, ESPECIALLY, HE SAID, SINCE ITT COMPANIES HAVE BEEN COMPETITIVE WITH JAPANESE COMPANIES ON TENDERS IN OTHER COUNTRIES FOR SIMILAR MICROWAVE AND MULTIPLEX EQUIPMENT, AND SINCE ITT COMPANIES PARED THIS BID TO THE BONE. THEIR INITIAL REACTION IS THAT JAPANESE COMPANIES MUST HAVE RESORTED TO DUMPING IN ORDER TO OBTAIN DOMINANT POSITION IN THIS SECTOR OF THAILAND'S COMMUNICATIONS MARKET. ITT REP SAID THAT ONE AMERICAN COMPETITOR, WHICH DID NOT SUBMIT BID BUT WAS PRESENT AT THE OPENING, COMMENTED THAT HE HAD SAVED HIS COMPANY $300,000 BY NOT BIDDING, THAT BEING THE APPROXIMATE COST OF CONDUCTING FIELD SURVEY AND PREPARING BID.

3. COMMENT: ITT HAD CLEARLY EXPECTED TO BE COMPETIVE ON THIS BID. ITT REP DID NOT ASK FOR EMBASSY INTERVENTION, BUT SAID HE WAS INFORMING US, AS WELL AS GERMAN AND BELGIAN EMBASSIES, BECAUSE HE THOUGHT WE WOULD BE INTERESTED. (EQUIPMENT TO BE SUPPLIED IN ITT/SEL PROPOSAL WOULD BE ABOUT ONE THIRD GERMAN MANUFACTORE, ONE THIRD BELGIAN, AND THE BALANCE "WORLD WIDE," INCLUDING ABOUT TEN PERCENT U.S.) HOWEVER, EMBASSY WILL DISCUSS MATTER WITH SENIOR LOCAL ITT REP ON HIS RETURN FROM ABROAD NEXT WEEK TO SEE WHERE AN EXPRESSION OF OUR INTEREST IN MATTER MIGHT MOST USEFULLY BE PLACED. WE WOULD BE INTERESTED IN LEARNING FROM ADDRESSEES OF ANY RECENT REPORTS OF JAPANESE COMPANIES DUMPING IN OTHER COUNTRIES.
WHITEHOUSE

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